

Message Text

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TO SECSTATE WASHDC 4613

C O N F I D E N T I A L SAN JOSE 2606

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E.O. 11652: GDS

TAGS: ETRD, PINT, XK, CS

SUBJ: CEMENTOS DEL PACIFICO --
MORE ON OGDEN CORPORATION

REF: SAN JOSE 2328, 2371 AND 2378.

SUMMARY

MORNING PRESS HAS PUBLISHED SUMMARIES AND EXCERPTS FROM AN EXCHANGE OF CABLE BETWEEN DIPUTADO JENARO VALVERDE MARIN AND THE OGDEN CORPORATION OF NEW YORK WHICH QUOTES LATTER TO EFFECT THAT OGDEN'S ONLY COMMITMENT IS FOR A MARKET STUDY. VALVERDE MARIN CONTINUES TO PRESS FOR DISCLOSURE OF DETAILS OF PROJECT, WHICH INVOLVES PROPOSED \$89 MILLION STATE GUARANTEE OF PLAN TO EXPORT CEMENT CLINKER.

1. JULY 19 LA REPUBLICA PUBLISHED EXCERPTS FROM THE ASSEMBLY COMMITTEE HEARING ON THE QUESTION OF A \$89 MILLION GOCR GUARANTEE FOR THE CEMENTOS DEL PACIFICO PROJECT, ALONG WITH SUMMARIES AND EXCERPTS (IN SPANISH) OF AN EXCHANGE OF CABLES BETWEEN THE OGDEN
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CORPORATION AND THE COMMITTEE CHAIRMAN,

JENARO VALVERDE MARIN CONCERNING MARKETING PROSPECTS FOR THE PROJECT'S PRODUCT, CEMENT CLINKER.

2. THE ARTICLE QUOTED CEMENTOS'S PRESIDENT, ENRIQUE VARGAS' TESTIMONY OF JULY 9 TO THE COMMITTEE TO THE EFFECT THAT "AT THE PRESENT TIME WE HAVE FIRM OFFERS TO BUY CEMENT FOR THE NEXT TEN YEARS", AND THAT OGDEN CORPORATION WAS PREPARED TO SIGN A CONTRACT WHEN WORK ON THE PROJECT GOT UNDER WAY. VALVERDE MARIN TOOK CUE FROM THIS TESTIMONY TO CABLE OGDEN FOR CONFIRMATION. IN REPLY, OGDEN IS REPORTED TO HAVE SAID, "THE ONLY COMMITMENT WITH CEMENTOS DEL PACIFICO, S.A. IS THE UNDERTAKING OF A MARKET STUDY OF CEMENT AND CLINKER, AS CAN BE CORROBORATED BY THE EXCHANGE OF CABLES WITH MR. VARGAS". OGDEN'S CABLE ADDED THAT AT NO TIME HAD THE COMPANY CONSIDERED PARTICIPATING IN THE FINANCING OF THE PROJECT, AS CONFIRMED BY CEMENTO'S CABLE TO THEM (ALSO QUOTED

OGDEN'S MESSAGE AND PUBLISHED BY LA REPUBLICA).

3. COMMENT: IN A CONVERSATION OF JULY 18 (I.E., PRIOR TO LA REPUBLICA PUBLICATION) WITH EMBOFF, VALCERDE MARIN MENTIONED THE EXCHANGE OF CABLES WITH OGDEN, WHICH HE HOPES TO USE TO FORCE VARGAS TO RELEASE FULL FILE ON CORRESPONDENCE WITH OGDEN CORPORATION. VALVERDE MARIN, A PLN MAVERICK, HAS STRONGLY (AND ALMOST DAILY IN THE PRESS) OPPOSED THE STATE GUARANTEE OF THE PROJECT, PRINCIPALLY ON THE GROUND THAT THE PROMOTERS (AND PRESIDENT FIGUERES) WISH TO COMMIT THE GOVERNMENT'S CREDIT HEAVILY ON A PRIVATE PROJECT WHICH HAS BEEN VERY IMPERFECTLY STAFFED OUT. VALVERDE MARIN FEELS THIS IS DANGEROUS AND UNPRECEDENTED ON SUCH SCALE (THERE ARE ALSO

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PREVALENT RUMORS OF IMPROPER PROFITEERING).

4. VALVERDE MARIN HAS WON ONE CONCESSION IN THAT THE PROJECT HAS NOW BEEN REFERRED TO THE NEW NATIONAL DEVELOPMENT CORPORATION (A STATE ENTITY HEADED BY FORMER AMBASSADOR TO U.S. ZUNIGA) FOR STUDY. VALVERDE MARIN THINKS STUDY WILL TAKE ABOUT 45 DAYS TO

TWO MONTHS TO COMPLETE. HE SEEMED TO
HAVE SOME FEAR, HOWEVER, THAT THE
CORPORATION WOULD NOT BE ABLE TO RESIST
PRESSURES TO RENDER A
FAVORABLE REPORT REGARDLESS OF ITS
TRUE FINDINGS.

5. VALVERDE MARIN ADDED THAT WITH UN
PRESIDENTIAL CANDIDATE TREJOS ESCALANTE'S
RECENT PUBLIC DECLARATIONS AGAINST THE BILL,
THE UN MEMBERS ON THE LEGISLATIVE
COMMITTEE WHICH HE CHAIRS CHANGED THEIR
POSITION FROM ONE FAVORING THE BILL TO
OPPOSITION TO IT. VALVERDE MARIN SAID THE
PLN MAJORITY HAD ALSO BEGUN TO WAIVER IN FACE
OF THE NEGATIVE PUBLIC REACTION.
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